

alternative operator service provider. However, the operator services industry has significantly changed since that time. Federal legislation and rules have prompted IXC's and aggregators to focus on the needs of the consumer. Over the past several months, these measures have led to great progress in eliminating problems such as call blocking, inadequate posting and branding, inferior billing and validation services, and high rates. The impact of these developments, combined with Commission action to eliminate AT&T's domination of the O+ calling card market, should be permitted to take effect prior to the sanctioning of Billed Party Preference.

A. Actions By The Commission and the Industry at Large Preclude the Need to Establish a Nationwide System of Billed Party Preference.

The Commission is rightfully concerned about the problems that consumers encountered when the operator services industry was still in its infancy. Actions by Congress and the Commission, however, are resolving the problems that characterized the operator services marketplace when Billed Party Preference was originally proposed over four years ago.¹⁵ Such improvements include:

1. Mandatory posting and branding requirements to inform consumers of their right to carrier selection and identify the O+ presubscribed carrier;

¹⁵See Telephone Operator Consumer Services Improvement Act (TOCSIA), 47 U.S.C. Section 226 and Policies and Rules Concerning Operator Service Providers, CC Docket 90-313, Report and Order, 6 FCC Rcd 2744 (1991).

2. Unblocking of carrier access codes from most pay telephones to provide swift and efficient 0+ dialing alternatives;
3. Deployment of universal (1-800) arrangements from all IXC's to assure consumers have the ability to reach any carrier from all publicly available telephones;
4. Improved accessibility of billing and validation methods from independent LECs to expand billing alternatives for consumers;
5. Compensation for owners of payphones to eliminate their reliance upon 0+ calling as their primary revenue source;
6. Federal reporting requirements and pricing scrutiny to deter IXC's from engaging in unreasonable or unscrupulous activities.

New competitive forces are also emerging in the operator services industry. Third tier IXC's, who have historically succeeded in the 1+ markets, are contracting with companies like LinkUSA so that they may provide innovative and economical operator services to their customers. LinkUSA is confident that users of these IXC services will pay substantially less than they would if they used AT&T to place the same call. It is also very likely that these IXC's will voluntarily restrict the amount of surcharges they will collect from consumers on behalf of an aggregator. By mandating Billed Party Preference, the Commission is effectively precluding third tier IXC's from entering the operator services market and driving down consumer rates.¹⁶

¹⁶LinkUSA does not dispute that the pricing and operating practices of some operator service providers may be questionable, however, Billed Party Preference is an inappropriate means of resolving such problems.

LinkUSA finds it impossible to justify imposing higher rates, delays, and inconveniences upon the calling public when an economical and efficient call processing method already exists. The effects of competition among IXC's is just beginning to become apparent. Rates and charges have dropped considerably over the past twelve months and will continue to fall as new competitors enter the market. Location owners have also become more sensitive to the impact of prices for operator assisted calls upon their core businesses. In addition, aggregators are in the process of retrofitting their equipment to permit access code dialing from their locations. Thus, access code dialing will be available from all phones long before Billed Party Preference can be implemented.¹⁷ Because access code calls can be processed in substantially less time and for less money, consumers are more likely to prefer using access code dialing than Billed Party Preference.

In the opinion of LinkUSA, TOCSIA and the Commission's rules, as well as the changing dynamics of the operator services marketplace, achieve the same benefits espoused by proponents of Billed Party Preference: the consumer's ability to exercise a choice in the carrier used for the placement of long distance operator assisted calls.¹⁸

¹⁷The Commission itself recognized the merits of universal access code dialing arrangements in the NPRM and in its orders establishing rules and policies for the operator service industry.

¹⁸ If the Commission has doubts as to the effectiveness of current operator services rules, it could amend federal operating requirements. Such actions could include: posting of surcharges that exceed a specified amount; verbal notices that "our rates apply" when rates exceed a certain threshold above AT&T; and/or written notices where 10XXX access is restricted.

B. The Commission Should Prohibit the Issuance of Proprietary O+ Calling Cards

The existence and continued proliferation of proprietary O+ calling cards is the only impediment to true competition in operator services today. AT&T is the only carrier that has issued a proprietary O+ calling card; all other IXCs rely upon access code dialing to service transient customers. The problems that AT&T's O+ calling cards have caused in the marketplace have been well documented by parties to this and other proceedings; LinkUSA embraces those arguments but will not exhaust the Commission by restating them here.¹⁹

LinkUSA endorses the Commission's proposed rule that requires issuers of O+ calling cards to either 1) make validation and billing information available to all other IXCs, or 2) to restrict the use of the proprietary cards to access code dialing only. The manner in which a consumer accesses a carrier's network is a simple way to determine whether or not a billing method is proprietary. Those who use calling cards which permit O+ dialing will knowingly use the presubscribed IXC; those who use an access code method will be assured of using the carrier that issued the calling card.

The technology exists to implement the Commission's proposed rule quickly and efficiently. Third party data bases have already been

¹⁹See Competitive Telecommunications, (Comptel) et. al, Emergency Motion for an Interim Order Requiring AT&T to Cease Further Distribution of "Proprietary" CIID Cards and Permit Validation and Billing of Existing Cards Pending a Final Decision in the Docket, CC Docket 91-115 (filed December 20, 1991). Also see comments of MCI, Comptel, LDDS Communications, Inc., Zero Plus Dialing, Inc., and joint comments of Cleartel Communications, Inc. and Com Systems, Inc. on Proprietary Calling Cards and O+ Access, In a Matter of Billed Party Preference for O+ InterLATA Calls, CC Docket 92-77, filed June 7, 1992.

constructed to permit IXCs to process and bill line based calling cards and other types of operator assisted calls. These systems could easily be modified to accommodate AT&T proprietary cards were the Commission to require that AT&T share its databases.²⁰

Adoption of a rule governing O+ proprietary calling cards should not be contingent upon the Commission's deliberations on the merits of Billed Party Preference. AT&T's exploitation of its proprietary calling card, its customers, and its competitors will continue until it is mandated to change its operating and marketing tactics. The Commission's proposed rule is a far more economical and timely means of accommodating consumers than relying upon an unproven and expensive system like Billed Party Preference.

²⁰ Link USA would expect that AT&T would be required to reissue its O+ calling cards so that they reflect clear and accurate dialing instructions for consumers.

VI. CONCLUSION

Any conclusion that Billed Party Preference is in the public interest must be supported by strong evidence and comprehensive data. It is essential that the impact of Billed Party Preference upon consumers, and the companies that service them, be fully understood prior to mandating its deployment. The costs and consequences of deploying a nationwide system of Billed Party Preference, however, appear to far outweigh its perceived benefits.

LinkUSA has addressed many, but not all of the issues affecting the feasibility and practicality of a nationwide Billed Party Preference system. The enactment of TOCSIA and the implementation of rules recently adopted by this Commission, combined with universality of access code dialing and increased competition in the provision of operator services have afforded consumers with the primary benefit of Billed Party Preference: to enable consumers to access and utilize a preferred IXC from any transient location. These developments have accomplished this objective while avoiding the enormous expense and administration burdens that Billed Party Preference would impose upon carriers and the calling public.

If, however, the Commission finds that Billed Party Preference is in the public interest, it should be implemented uniformly throughout the country. In the opinion of LinkUSA, Billed Party Preference would need to be available from any telephone for all operator assisted calls; its use should not be limited to 0+ interLATA calls or to equal access areas. In addition, the substantial costs associated with Billed

Party Preference should be allocated fairly among the users and participants in the system; carriers electing to continue to rely upon access code dialing should not be required to subsidize those who do not. Industry standards, presubscription procedures, and call processing techniques must be uniform and well documented. Billed Party Preference should be fully deployed on a specified date in the future and be fully automated. It should accommodate all calling cards and permit 14-digit screening for line number based calling cards. Finally, IXC's should have the ability to validate and bill all O+ calls, regardless of whether or not Billed Party Preference is put in place.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the original and nine copies of the foregoing Comments of LinkUSA were served by Federal Express this 2nd day of July 1992, to the persons listed below.

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Kristi T. Feltz

July 2, 1992